

On The Ropes: Kanjorski Slips Up on CNBC AGAIN â€“ Says Fannie and Freddie Have Already Been Reformed, Not Cause of Crisis

Recap: Click
here to view Kanjorski on CNBC Saying Fannie/Freddie Reform "Too Complicated" 5/11/2010

After

Chairman Barney Frank refused to let Republicans even offer GSE amendments to the Democrats' financial regulation bill, Rep. Paul Kanjorski - the Chairman of the House Financial Services Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises - today falsely, and emphatically, claimed that government controlled companies Fannie Mae and Freddie Mac have already been addressed....but not really.

Rep. Paul Kanjorski: "The fact of the matter is, we've taken care of the process problem in Fannie and Freddie.... That's what you don't understand, Fannie and Freddie, not as institutions...were not addressed, but the entire banking...."

Actually, the Democrats' financial regulation bill contains NO reform of Fannie and Freddie. In fact, the Democrats' bill specifically exempts the GSEs from the resolution authority created in the legislation to ensure, as Chairman Frank stated, that the costs are "borne by the taxpayers," not the big banks.

Click here
to view the Kanjorski Clip (rough transcript below)

Rep.

Kanjorski:

[Republicans] have two key words that they used throughout this debate in the last year and a half. And those words are bailout, Fannie and Freddie.

The fact of the matter is, we've taken care of the process problem in Fannie and Freddie in so far, those types of securities would not be handled in the future.

In terms of the exposure of the people to a risk factor, it just isn't true. The fact is, we've reined in that risk. Now we may not have done it ideologically the way Spencer and the Republicans would like it, but I, for one, think that we've had an unfettered exaggeration of activity on Wall Street that exacerbated our economy to the extent that we came that close to melting down -- when I say melting down, losing the economic system of the United States and the world. We have committed ourselves that this shall never happen again.

And as a result, we've put into this bill the too big to fail amendment, which was my amendment, to prevent this from happening. We're not going to have the buyouts in the future. We're not going to have the capacity for the government to take taxpayer money and hold up and prevent failure of corporations. We're going to have preemptive strikes on too big to fail banks and other financial institutions that put our system at risk.

Becky

Quick:

Although Congressman Kanjorski, you mentioned Fannie and Freddie and that was not addressed in this bill.

Kanjorski: Yes, it was!

That's what you don't understand, Fannie and Freddie, not as institutions were not addressed, but the entire banking... Heck, I spent nine years writing the mortgage -- new mortgage methodologies and writing the new conditions under which real estate financing and appraisal will occur. We had anti-predatory lending. Never again can we have the terrible loans that were made in the last five, six, seven years. Those days are gone.

Joe

Kernen:

Congressman, so now Congress is going to be in charge of looking at or deciding if something is systemically too big? You guys couldn't figure out that Fannie and Freddie were a problem. Not only couldn't figure it out, but a lot of the people who wrote these bills enabled Fannie and Freddie and blocked attempts to even try to rein Fannie and Freddie in. These are the same people that are going to be deciding who's too big and who's too systemically risky, it's frightening.

Kanjorski: Joe, you've drunk the cola, if you will.

Kernen: Now I'm a great friend of yours, you're a great friend of mine, now just slam me. That's what I want you to do.

Kanjorski: I want to slam you because you're drinking the koolaid of the Republicans.

Kanjorski: Fannie and Freddie were not the whole cause of this problem. They participated a little bit but so did almost everything else.

Joe: If you couldn't figure out they were a problem, how in God's name is are you going to figure out what is a problem from here on out?

Then
Rep. Kanjorski goes on and on to blame the failures of Fannie and Freddie on...wait for it...Republicans. And capitalism.

NOTE: After the
Kanjorski interview, Rick Santelli rightfully responded by saying quit the blame game, just fix it!

Rick
Santelli:
"Mr. Kanjorski missed one point as well. America is fed up with he did it, she did it, they did it. We voted for change. And if we don't get it now, we're going to change again and change again and change again. We're tired of the blame game. If something is broke, fix it. Fix it."

Ask
the Democrats - When will they quit pointing fingers and start finding the time to reform Fannie and Freddie?

For
a timeline of Democrats' inaction on Fannie and Freddie since the bailout click
here.

For
the House Republican principles for GSE reform, click here.

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